

Yadkin County Board of Commissioners
Minutes from Recessed Meeting
(With 1st Southwest and Other Budget Matters)
June 4, 2007

Members present

Kim Clark Phillips- Chairman
Tommy Garner - Vice-Chairman
Chad Wagoner - Commissioner
Joel Cornelius - Commissioner
Brady Wooten - Commissioner

Others Present

Eric Williams – County Manager
Jim Graham – County Attorney
Gina Brown – Clerk to the Board
Cheri Cranfill – Solid Waste Director

Chair Phillips called the meeting back to order at 6:34pm.

County Manager Williams provided the final copy of the Inter Local Agreement with the Town of Yadkinville dated 6/4/07.

Commissioner Cornelius made a motion to approve the agreement.

Commissioner Wooten second.

Vote: 5/0

The Board of Commissioners and County Staff re-visited the issue of household bagged trash fees. Cheri Cranfill, Solid Waste Director, reported that there is currently an ordinance requiring all mobile home park owners to provide waste disposal services. An existing mobile home park in the Lone Hickory area was given a variance based on the proximity to a collection site.

Commissioner Wagoner made a motion to reverse the variance to include this particular mobile home park in the required ordinance.

Commissioner Cornelius second.

Vote: 5/0

Additional discussion took place regarding landowners with subdivisions. Tax Administration Director, Phyllis Adams, stated that subdivisions with no structure are not typically assessed a fee until they are added to the tax records as of January 1. Percentage of completion is not a factor.

Commissioner Wagoner made a motion to assess the household bagged trash fee for subdivisions in accordance with similar tax policies.

Commissioner Cornelius second.

Vote: 5/0

Board of Commissioners met with Janice Burke of 1st Southwest Financial to review the debt models for new school construction, jail/law enforcement center construction, and other capital projects. Ms. Burke provided the following documents:

- (1) Capital Improvement Plan – Total Available Revenue for School Debt Service
- (2) School Capital Improvement Plan –
 Illustrated Debt Service and Tax Rate Impact –
 Proposed COPs – 20 year Principal Scenario
- (3) General Fund School Debt Service
- (4) Capital Improvement Plan – Lottery Receipts
- (5) School Capital Improvement Plan – Growth in Taxable Assessed Valuation
- (6) Capital Improvement Plan – Total Available Revenue for Debt Service
- (7) Capital Improvement Plan –
 Illustrated Debt Service and Tax Rate Impact –
 Proposed COPs – 20 year Principal Scenario
- (8) General Fund Total Debt Service
- (9) Capital Improvement Plan – Growth in Assessed Valuation

Ms. Burke reviewed each document with the Board providing an explanation for the figures and justification for the projected 8¢ increase in tax rate. Ms. Burke also provided a list of the assumptions that she used in her figures. This list follows:

Yadkin County Capital Improvement Plan Assumptions

- (1) Projected assessed values are increased by 20% in revaluation years.
- (2) Tax collection rate is 94%; the 2006 collection rate.
- (3) Lottery receipts for 2008 are projected at \$780,000 , an estimate for FY 2008 based on current criteria available to DPI. This amount was used for planning purposes for all future years (0% growth).
- (4) Article 40 and 42 restricted portion of sales tax estimated for 2007; used a 3% growth factor for 2008; thereafter assumed a 2% annual growth rate.
- (5) Public School Building Capital Outlay Fund projections are from DPI thru 2014; thereafter assumed no growth.
- (6) Assumption made that both the restricted portion of Article 40 and 42 sales tax and the monies received from the Public School Building Capital Outlay Fund are available for debt service payments, with exceptions noted.
- (7) Assumption made that the current balance in the County's School Capital Reserve Fund is available for school debt service.
- (8) Interest earnings on all project funds are projected using 5% annual rates.
- (9) **Sale 1** - COPs sale assumed to occur December 1, 2007. Bond proceeds plus \$1 million from the current Public School Building Capital Fund will total \$27.3 million in the Project Fund for two new middle schools. (Forbush and Starmount).
- (10) **Sale -2** - COPs sale assumed to occur in October 2008. Bond proceeds to be used for construction of a new jail, physical education facilities, renovation and additions to Courtney and West Yadkin Elementary Schools, including furniture and equipment.
- (11) **Sale 3** - COPs sale assumed to occur in April 2010. Bond proceeds to be used for renovation and additions to Yadkin, Forbush, Fall Creek Elementary Schools and the Success Academy, including furniture and equipment.
- (12) All project estimates were increased by an annual inflation factor of 5% on all projects to be financed after 2007.

Much discussion followed. Commissioner Cornelius asked why the County would begin to adjust tax rates this year for a debt that would not be incurred until at least next year. Ms. Burke replied that the gain from the tax rate increase for this year could be re-invested to add to the capital fund. In addition, tax rate increases would not have to be imposed each year. Upon review of the data from the School Board, Commissioner Wagoner flagged a discrepancy between the projected cost of the middle schools per the School Board and the figures used by Ms. Burke on her projections. Ms. Burke estimated this financial discrepancy could result in a lower projected tax rate than anticipated – possibly from 8¢ to 6¢. Ms. Burke agreed to complete new debt models using the School Board's projected figures and provide revised data.

Ms. Burke commented on Yadkin County's bond rating. Bond ratings are often tied to the strength of the economy. Yadkin's unemployment rate is at 4 ½% or less but the tax base is not growing substantially at this time.

Commissioner Cornelius made a motion to recess until 8:30pm at the Yadkin County Planning and Zoning Building. Vice Chair Garner second. Vote: 5/0

Prepared and Approved by Clerk to the Board